

COMPREHENSIVE IMPACT FEE UPDATE *STATUS REPORT*

City of Benicia

Economic Development Board

September 23, 2020



WHAT ARE IMPACT FEES?

ALICIA is turning a vacant office into a restaurant.



GEORGE is building a new home.



INCREASED DEMANDS

These changes increase demand on services and facilities the City provides, like water and sewer, roads, the library, and parks & recreation facilities.



ONE-TIME IMPACT FEE

Alicia and George pay one-time impact fees that cover their fair share to maintain the same quality of services and facilities for all Benicians, meeting the increased demand from residents, customers, and businesses.



ADDS TO LOCAL FUNDS

Impact fees supplement local program funds and the City completes the needed improvements to facilities.



WHO PAYS IMPACT FEES?

- Applicants who submit applications for new development or intensification of use

Year	ADU	Single Family	Commercial	Total Applicants Paid Impact Fees
2020				
2019				
2018				
2017				
TOTAL				

WHO PAYS IMPACT FEES?

- Applicants who submit applications for new development or intensification of use
- Over the past four years, 36 applicants have paid impact fees in Benicia

Year	ADU	Single Family	Commercial	Total Applicants Paid Impact Fees
2020	1	0	3	4
2019	5	8	3	16
2018	5	4	2	11
2017	0	3	2	5
TOTAL	11	15	10	36

IMPACT FEES ARE NOT...



IMPACT FEES ARE NOT...



250 EAST L STREET
BENICIA, CA 94510

THIS BILL IS NOW DUE AND PAYABLE WATER & WASTEWATER UTILITY BILL STATEMENT

****DO NOT PAY THIS BILL** AUTO PAY NOTICE**

Customer Name		Service Address																								
JOHN AND JANE DOE		123 MAIN STREET																								
Account - Customer Number		Bill Number	Bill Date	Current Billing Due Date																						
123456-54321		200045	09/03/2020	10/05/2020																						
Meter Number	Previous Read	Current Read	Usage(Units)	Service Period	Days																					
0012345678	229	245	16	08/15/20 - 08/20/20	66																					
ACCOUNT ACTIVITY			WATER CONSUMPTION																							
PREVIOUS BALANCE			Historic Billing Period Comparisons																							
PAYMENTS																										
DEPOSITS			<table border="1"> <thead> <tr> <th>Month</th> <th>Prior Year (Units)</th> <th>Current (Units)</th> </tr> </thead> <tbody> <tr> <td>OCT</td> <td>14</td> <td>7</td> </tr> <tr> <td>DEC</td> <td>13</td> <td>8</td> </tr> <tr> <td>FEB</td> <td>12</td> <td>9</td> </tr> <tr> <td>APR</td> <td>9</td> <td>8</td> </tr> <tr> <td>JUN</td> <td>9</td> <td>16</td> </tr> <tr> <td>CURR</td> <td>10</td> <td>16</td> </tr> </tbody> </table>			Month	Prior Year (Units)	Current (Units)	OCT	14	7	DEC	13	8	FEB	12	9	APR	9	8	JUN	9	16	CURR	10	16
Month	Prior Year (Units)	Current (Units)																								
OCT	14	7																								
DEC	13	8																								
FEB	12	9																								
APR	9	8																								
JUN	9	16																								
CURR	10	16																								
BALANCE FORWARD			<p>Units (748 gallons each)</p>																							
WATER SERVICE CHARGE			<p>Legend: ■ Prior Year, ■ Current</p>																							
WATER CONSUMPTION CHARGE																										
METER REPLACEMENT FEE																										
SUBTOTAL																										
SEWER SERVICE CHARGE																										
SEWER CONSUMPTION CHARGE																										
SUBTOTAL																										
TOTAL CURRENT CHARGES																										
AMOUNT DUE BY 10/05/2020																										
			ALERTS																							

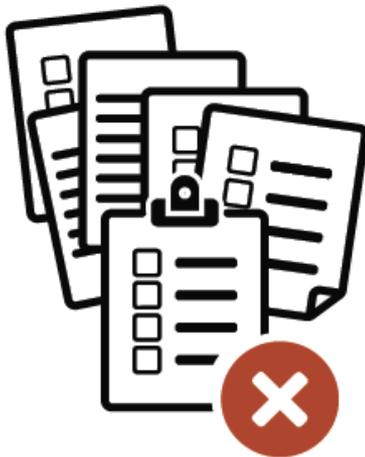
BENEFITS OF IMPACT FEE UPDATE

For Applicants

- Clear, straight-forward impact fee schedule (available online) and simplified land use categories = streamlined process
- City is able to fund quality-of-life improvements

Other

- Realignment of fees to be consistent with growth projections, current capital facility needs, and industry best practices



BEFORE UPDATE
Some applicants reported that identifying fees was cumbersome and time-consuming.

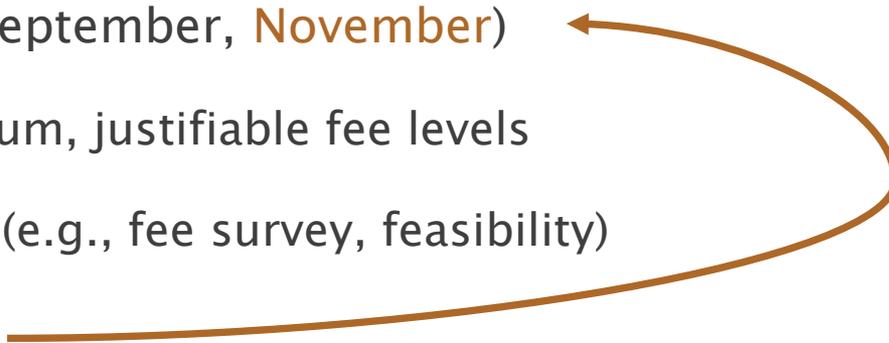


AFTER UPDATE
The single checklist will make it easier for applicants to identify the impact fees that are relevant to their project.

SCOPE OF UPDATE

- **Wastewater (Sewer) Capacity Fee**
 - First established 1970s
- **Water Capacity Fee**
 - First established 1976
- **Parkland Dedication In-Lieu Fee (Quimby)**
 - First established 1986
- **Park Improvement Impact Fee**
 - First established 1992
- **Transportation (Traffic) Impact Fee**
 - First established 1992
- **Library Impact Fee**
 - First established 1992

OVERVIEW OF STUDY PROCESS

- Coordination with each of the affected departments
 - Planning and Community Development (demographic growth forecasts)
 - Parks
 - Library
 - Public Works (transportation and utilities)
 - Outreach (January, September, **November**)
 - Calculation of maximum, justifiable fee levels
 - Policy considerations (e.g., fee survey, feasibility)
 - Recommended fees
- 

LIBRARY IMPACT FEE

- Impact fee program ensures that new development pays its fair share of the City's library improvements
 - City's share of future Countywide system costs
 - Expansion of collection
 - Basement finishing
- Who pays and under what circumstances?
 - New residential development



PARKLAND IN-LIEU FEE (QUIMBY)

- Fee program offered in lieu of the City's parkland dedication requirement (Subdivision Map Act).
- Ensures that the City's existing ratio of parkland acreage to 1,000 residents is maintained as new subdivision development occurs.
- Who pays and under what circumstances?
 - New residential subdivisions subject to the Subdivision Map Act
- Revenue can be used to acquire parkland or fund improvements.



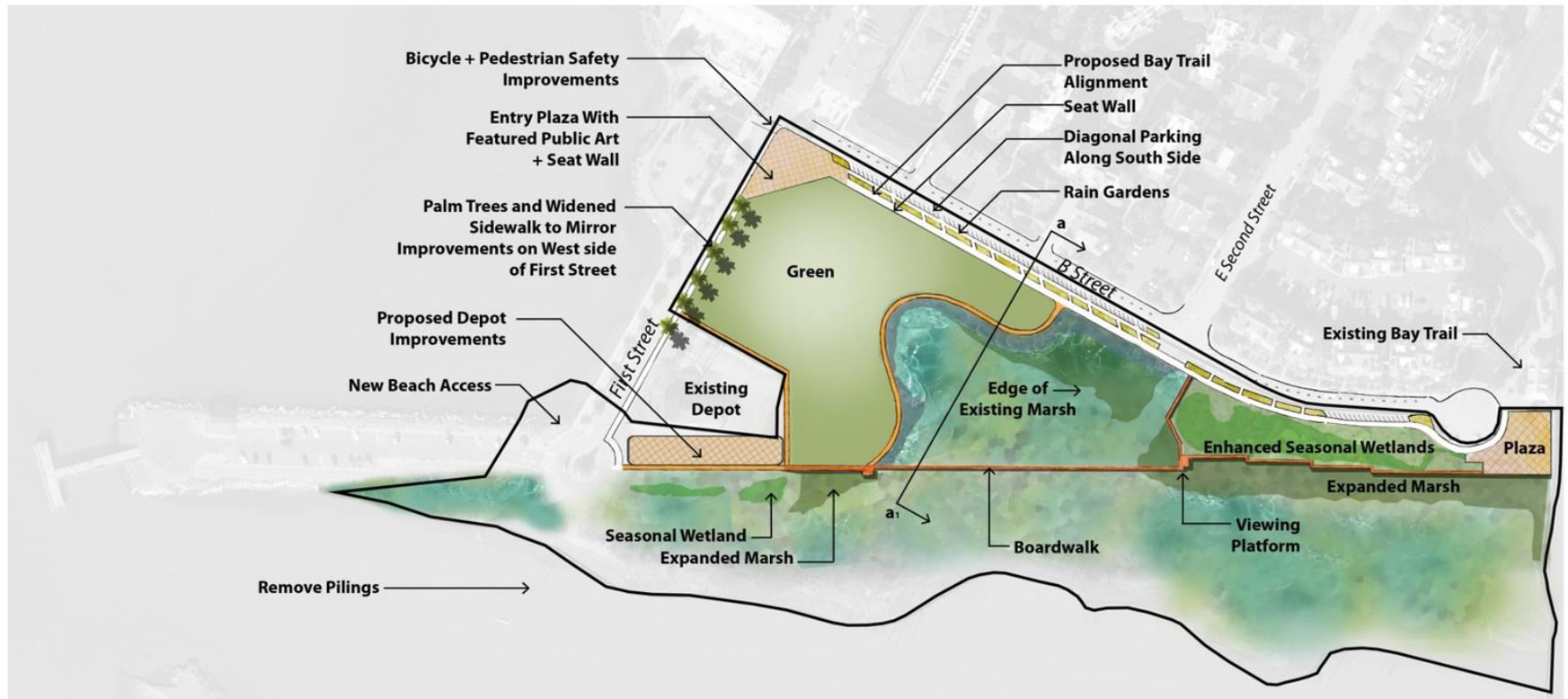
PARK IMPACT FEE

- Impact fee program ensures that new development pays its fair share of the City's future park and trail improvements
- Master Plan underway
 - Waterfront Park (shoreline access)
 - Play structures, amenities, restrooms, major landscaping
 - Capital expenses only, no operations or maintenance
- Who pays and under what circumstances?
 - New residential development
 - Policy decision not to charge nonresidential development
 - Policy decision to waive for residential subdivision development



PARK IMPROVEMENTS

- Master Plan underway
 - Waterfront Park (shoreline access)
 - Play structures, amenities, restrooms, major landscaping
 - Capital expenses only, no operations or maintenance

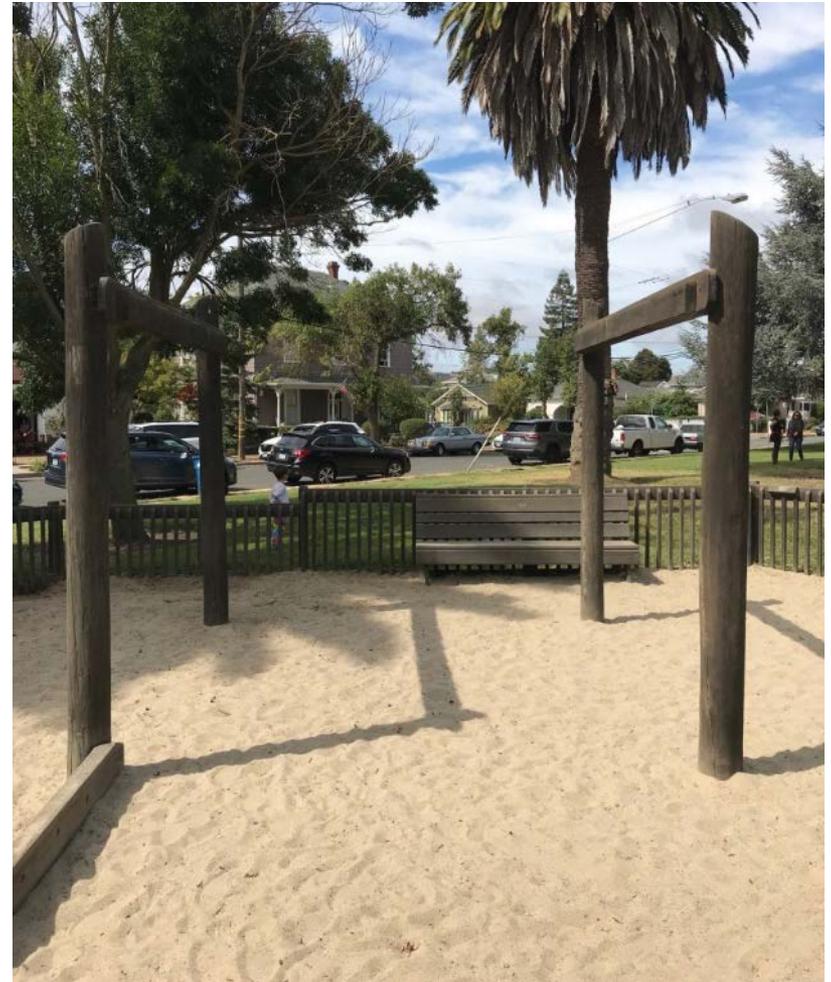


PARK IMPROVEMENTS



↑ ST. PAUL'S SQUARE RENOVATION

PLAYGROUND OF DREAMS →



TRANSPORTATION

- Impact fee program ensures that new development pays its fair share of the City's future transportation improvements
- Who pays and under what circumstances?
 - New residential and nonresidential development or intensification of use
- Methodology
 - Introduction of vehicle miles traveled (VMT) accounts for trip length in addition to number of trips
 - Introduction of multimodal improvements



TRANSPORTATION

- How is revenue used?
 - Traffic Improvements
 - Traditional roadway and intersection improvements
 - Multimodal Improvements
 - Bicycle
 - Pedestrian
 - Capital expenses only, no O&M



TEN GREAT
BIKE RIDES
AND WALKS
IN BENICIA



WATER/WASTEWATER



■ Background context

- City has its own water and wastewater treatment plants
- Only sources of revenue for water/wastewater utilities are fees (paid by new development) and rates (paid by existing residents and businesses)
- Conservative approach: used depreciated values for existing infrastructure and excluded reserves
- Wastewater updated to reflect both strength and flow (industry best practice)

■ Who pays?

- New residential and nonresidential development or intensification of use
- **Not the same as rates**

WATER/WASTEWATER

- Revenue used to fund improvements identified in 2020 Water/Wastewater Condition Assessments
- Example: Lower Arsenal/East 5th Street Water Pipeline Project



TIMELINE

- **Wednesday, September 23rd at 5:30 pm:** public outreach through Economic Development Board meeting (present overview of impact fees and review scope of fee update)
- **Wednesday, November 18th at 5:30 pm:** public outreach through Economic Development Board meeting (present proposed, updated fee levels)
- **Tuesday, December 15th at 7pm:** City Council presentation

QUESTIONS?

RESOURCE SLIDES

OVERVIEW OF DEVELOPER FEES

WHAT ARE DEVELOPMENT IMPACT FEES?

- Authorized by the Mitigation Fee Act ([Gov. Code §§ 66000](#))
- **Who Pays?**
 - One-time charges on new development (or intensification of use)
- **How is Fee Established?**
 - Calculated according to “nexus logic” – documents a reasonable relationship between new development (or intensification of use) and associated impacts; requires a Nexus Study
- **How is Fee Revenue Used?**
 - Can only be used to fund capital projects (not maintenance or operations)
 - Cannot be used to address existing deficiencies
- City examples: transportation, library, park improvement
- Water/Wastewater: similar logic but different legal authorization ([Gov. Code §§ 66013](#))
 - Only sources of revenue for water/wastewater are fees and rates

OVERVIEW OF DEVELOPER FEES

WHAT ARE PARKLAND DEDICATION IN-LIEU FEES?

- Authorized by the Subdivision Map Act ([Gov. Code §§ 66477](#))
- Fee is in-lieu of dedicating parkland
- Also referred to as Quimby fees
- **Who Pays?**
 - One time charges on new residential subdivision development
- **How is Fee Established?**
 - Calculated according to prescribed methodology based on current level of service and current land value
- **How is Fee Revenue Used?**
 - Used to acquire and/or improve parkland to serve new subdivision development

ECONOMIC CONSIDERATION OF FEES

- Fees are investments in necessary infrastructure and contribute to the City's quality of life
- Fees ensure that new development pays its fair share of infrastructure costs (General Plan policy)
 - Other sources of revenue are needed to fund existing deficiencies
 - For water/wastewater, City only has fees and rates
- Impact fees provide certainty to developers in terms of City infrastructure/capital requirements
- Impact fees (or in-lieu fees) add to the cost of new construction and can affect development feasibility
- Total fee burdens are sometimes moderated by reducing fees to provide funding for necessary capital facilities while balancing development feasibility
 - Tradeoffs

RATIONALE FOR FEE UPDATE

- **Periodic Update.** State law recommends periodic review and update of impact fees approximately every 5 years.
- **Changes in Facility Requirements and Costs.** Some facility needs identified in the past for which fees were collected have been completed and facility needs going forward have changed; cost estimates required updating.
- **Changed Growth Prospects.** Current population and future population forecasts require periodic updating.
- **Refined Land Use Categories.** Land use categories in the current update are intended to provide clarity to developers and fee program administrators; categories are consistent with Solano County's fee program.
- **Changing Legal Landscape.** City's fee programs need to be in compliance with recent shifts/updates to state law (e.g., ADUs, transparency in reporting, etc.)

POLICY DECISIONS

▪ Conservative Approach

- Growth assumptions
- Park fees
 - residential subdivision projects will only pay in-lieu fee, not in-lieu fee plus impact fee
 - City will not charge park improvement impact fee to nonresidential development
- Water/wastewater fees
 - reserves are excluded from water/sewer capacity fees
 - depreciated values used for existing infrastructure in water/sewer capacity fees
- Admin fees excluded
- Other fees
 - Other fees (e.g., police facilities, storm drain, general plan update, public art in-lieu) not pursued at this time

▪ Other Policy Considerations

- Updated water and wastewater technical approach
- Transportation fee includes multimodal improvements